

To the Members of the California State Assembly:

I am returning Assembly Bill 1656 without my signature.

As I stated in last year's veto of a similar bill, this bill attempts to legislate in an area where the marketplace has already assigned responsibilities and liabilities that provide for the protection of consumers.

Clearly, the need to protect personal information is increasingly critical as routine commercial transactions are more and more exclusively accomplished through electronic means. However, by requiring notification even where no information was obtained improperly, this bill would likely result in significant costs to businesses and to the state. In addition, by locking in today's best practices, AB 1656 would assure that the law remains static in the face of future, unseen concerns. Moreover, this bill would create a disincentive for businesses to adhere to new, more comprehensive, industry standards.

Existing law already contains a comprehensive penalty scheme for identity theft that details with great particularity the numerous ways in which it can occur, and imposes criminal sanctions. These provisions cover both identity thieves and retailers who are complicit in their crimes. If existing penalties are inadequate to properly deter would-be identity thieves, the proper response would be to enhance these penalties.

For these reasons, I am unable to sign this bill.

Sincerely,

Arnold Schwarzenegger